

Message Text

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TO USMISSION OECD PARIS

C O N F I D E N T I A L STATE 263357

FOR MR. ROBERT J. RYAN

FOLLOWING IS REPEAT NEW DELHI 15220, SENT SECSTATE, INFO GENEVA
16 OCT 76:

QUOTE C O N F I D E N T I A L NEW DELHI 15220

EO 11652: GDS

TAGS: EFIN, CIEC, OECD

SUBJ: CIEC DISCUSSION ON DEBATE

REF: STATE 251805

1. AS OPPORTUNITY PRESENTS ITSELF, EMBASSY WILL
CONTINUE DIALOGUE WITH GOI OFFICIALS ON US VIEWS OF
PROPOSALS BEING MADE AT CIEC BASED ON GUIDANCE IN
REFTEL.

2. IN DOING SO, HOWEVER, EMBASSY INVITES DEPARTMENT'S
ATTENTION TO SOME ASPECTS OF INDIAN SITUATION THAT
PERTAIN TO OUR POSITION:

A. US PROPOSAL FOR A PRECEDURE TO IDENTIFY
INDIVIDUAL COUNTRIES WITH STRUCTURAL PROBLEMS IS
STRIKINGLY SIMILAR TO PROCEDURES BEING FOLLOWED BY
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INDIA FOR SEVERAL YEARS, I.E., ANNUAL INESTIGATIONS

BY IMF AND WORLD BANK AND ANNUAL CONSORTIUM MEETING WHERE REMEDIAL ACTIONS ARE OFFERED BY DONORS. THE FUTURE OF THIS SYSTEM DOES NOT LOOK PARTICULARLY BRIGHT FOR INDIA AND THE NEW PROCEDURES SEEM TO SUGGEST EVEN MORE STRINGENT INVESTIGATION AND MORE STRINGENT CONDITIONS FOR RELIEF BY DONORS.

B. WHILE GENERALIZED DEBT RESCHEDULING WOULD BENEFIT FEWER COUNTRIES. INDIA COULD, OF COURSE, IN TERMS OF POPULATION CLAIM THAT IT WOULD BENEFIT MORE PEOPLE. FOR THE US TO SUGGEST ODA AS AN ALTERNATIVE COULD ALSO APPEAR TO THE INDIANS AS A COP-OUT SINCE WE VOTE AGAINST LOANS TO INDIA IN IDA AND BILATERALLY WE COULD WELL BE IN A POSITION OF NEGATIVE FLOW NEXT YEAR.

3. WE WILL OF COURSE IMPRESS ON GOI OUR SERIOUSNESS IN MAINTAINING THAT THE US/EC PROPOSAL TABLED IN THE DEVELOPMENT COMMISSION IS IN FACT OUR FINAL OFFER. REALISTICALLY, WE BELIEVE TI WILL BE TAKEN AS BLUFF, OR IF ACCEPTED, RAISE DOUBTS ABOUT US WILL TO CONTINUE DIALOGUE.

4. 4. EMBASSY UNDERSTANDS US POSITION IS TAKEN IN MULTILATERAL CONTEXT AND THAT VIEWED FROM THAT POINT IS CLEARLY APPROPRIATE. IN PURSUING THIS MULTILATERAL POSITION, AT A BILATERAL LEVEL WITH INDIA, HOWEVER, WE ARE FOLLOWING A COURSE WHICH INDIA COULD PERCEIVE AS NOT BEING IN ITS BEST INTERESTS. AT THE SAME TIME, INDIAN OFFICIALS MUST BE INCREASINGLY AWARE OF THE LIMITS TO THEIR OWN OPTIONS IN THIS FIELD. PERHAPS, UNDER THERE CIRCUMSTANCES, SILENCE ON OUR PART WOULD BE MORE PRODUCTIVE THAN DIALOGUE.
SAXBE UNQUOTE. ROBINSON

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